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30 JUN 1961

MEMORANDUM FOR: Director of Central Intelligence
THROUGH : Deputy Director (Intelligence)
SUBJECT : The Situation in Eastern Europe

1. The following is a brief resume of the situation in Eastern Europe. Recent outstanding events in each country have been emphasized in order to provide an insight into current developments.

2. Albania's main concern is to make the political and economic adjustments necessitated by party first secretary Hoxha's intransigent opposition to Soviet policies. Thus, the show trial recently concluded in Tirana appears to have signified the impossibility for the immediate future of any major internal pro-Soviet political challenges to the regime. Albanian approaches to France and Italy for economic and technical aid are designed to overcome anticipated shortages caused by stoppages of bloc aid.

3. Reorganization of the Bulgarian Ministry of Interior was apparently carried out by party boss Zhivkov in the belief that the ministry had too much authority. As a result he has eliminated possible potential challenges to his power. The possibility

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of further changes has been reported by a reliable source.

4. Czechoslovakia's recent party and government shifts have been almost wholly aimed at increasing agricultural production. The removal of the Minister of Interior may be connected to heavy losses in terms of key personnel suffered by Czech intelligence in recent weeks, although this conjecture remains as yet unconfirmed.

5. Adverse popular reaction to chronic food shortages in East Germany has been stimulated by the regime's pursuit of a relatively soft internal policy, and by the fear that the signature of a separate Soviet-East German peace treaty would make permanent an economic and political situation which the population considers unsatisfactory. The regime, nevertheless, has the situation under control.

6. The Hungarian regime is seeking to break the influence of the Roman Catholic Church on the population and is continuing to have difficulties with the peasantry--including local popular disturbances--over the recently-completed collectivization drive. It has reacted to its problems with confidence and a readiness to use force, if that should become necessary.

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7. The Polish regime is attempting to increase and solidify the power of the Communist party, while at the same time pursuing publicly announced goals. Unpopular policies concerning the Roman Catholic Church, work norms, and agriculture could result in local disturbances. The regime, however, appears prepared to modify its position enough to head off any large-scale dissidence.

8. Rumania's major problems are economic, but they do not appear to have engendered any major political problems for the Gheorghiu-Dej regime.

9. The Yugoslav internal political situation is relatively static and probably will remain so until Tito dies. The economy is going through a revolutionary decentralization which, while creating temporary dislocations and dissatisfaction, is manageable. The regime has concentrated on attempts to promote and exploit polycentric tendencies noted in the European Satellites since the 20th Congress of the Communist Party of the Soviet Union. Tito's efforts to establish a neutralist "third force" are a manifestation of this policy.

10. Thus, recent developments in the states of Eastern Europe can be said to reflect primarily

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the growing internal stability of these regimes. Their increasing confidence has caused them to attack their problems more boldly than they would have in the past. All East European regimes are seeking to strengthen and consolidate their political and economic bases both as a means of fulfillment of their national goals and as a reaction to a number of pressures which have been generated both within and from outside the bloc. These activities have led to situations in individual countries, which, although they may be potentially explosive, are as yet under strict control.

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Current Intelligence

CC: DDCI

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